

Financial Statements

Cambridge Fluid Systems Limited

For the year ended 31 December 2017



Registered number: 02129153

Company Information

Directors

Mr S Klee
Mr M Tayar
Mr A Widmann

Company secretary

Mr M Tayar

Registered number

02129153

Registered office

Unit 12
Trafalgar Way
Bar Hill
Cambridge
CB23 8SQ

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
1020 Eskdale Road
Winnersh
Wokingham
Berkshire
RG41 5TS

Bankers

HSBC Bank plc
60 Queen Victoria Street
London
EC4N 4TR

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Directors' Report

For the year ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Principal activity

The principal activity of the company is the design, assembly, test and supply of gas fluid components and systems predominantly for original equipment manufacturers in the semiconductor market. In addition to this, the company seeks to secure large gas fluid systems projects and installation work in other markets.

Directors

The directors who served during the year were:

Mr S Klee
Mr M Tayar
Mr A Widmann

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Qualifying third party indemnity provisions

Cambridge Fluid Systems granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties subject to conditions set out in the Companies Act 2006. Such qualifying indemnity provision remain in force at the date of approving the Directors report.

Directors' Report (continued)

For the year ended 31 December 2017

Disclosure of information to auditor

The directors' confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- The directors have taken all the steps that they ought to have taken as directors in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Small Companies Note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Mr S Klee

Director

Date: 10/04/2018

Independent Auditor's Report to the Members of Cambridge Fluid Systems Limited

Opinion

We have audited the financial statements of Cambridge Fluid Systems Limited ("the company") for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditor's Report to the Members of Cambridge Fluid Systems Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report by the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.



Independent Auditor's Report to the Members of Cambridge Fluid Systems Limited (continued)

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's Report.

Grant Thornton UK LLP

Steven Cenci FCA (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Reading
Date: 10/4/2018

Statement of Comprehensive Income

For the year ended 31 December 2017

		2017 £	2016 £
Turnover	4	12,718,055	7,189,565
Cost of sales		(10,854,132)	(5,825,323)
Gross profit		1,863,923	1,364,242
Administrative expenses		(1,022,775)	(891,558)
Operating profit	5	841,148	472,684
Interest receivable and similar income	9	-	109
Interest payable and expenses	10	(6)	-
Profit before tax		841,142	472,793
Tax on profit	11	(160,815)	(94,558)
Profit for the financial year		680,327	378,235

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

The notes on pages 9 to 23 form part of these financial statements.

Statement of Financial Position

As at 31 December 2017

		2017 £	2016 £
Fixed assets			
Tangible assets	12	115,349	139,430
Investments	13	22,026	20,833
		<u>137,375</u>	<u>160,263</u>
Current assets			
Stocks	14	1,967,561	576,452
Debtors: amounts falling due within one year	15	1,842,431	1,306,357
Cash at bank and in hand	16	976,335	349,725
		<u>4,786,327</u>	<u>2,232,534</u>
Creditors: amounts falling due within one year	17	<u>(3,064,302)</u>	<u>(1,215,779)</u>
Net current assets		<u>1,722,025</u>	<u>1,016,755</u>
Total assets less current liabilities		<u>1,859,400</u>	<u>1,177,018</u>
Provisions for liabilities			
Deferred tax	20	(9,739)	(16,084)
Other provisions	21	<u>(121,800)</u>	<u>(113,400)</u>
		<u>(131,539)</u>	<u>(129,484)</u>
Net assets		<u><u>1,727,861</u></u>	<u><u>1,047,534</u></u>
Capital and reserves			
Called up share capital	24	59,375	59,375
Profit and loss account	23	1,668,486	988,159
		<u><u>1,727,861</u></u>	<u><u>1,047,534</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Mr S Klee
Director

Date:

10/04/2018

The notes on pages 9 to 23 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	59,375	988,159	1,047,534
Comprehensive income for the year			
Profit for the year	-	680,327	680,327
At 31 December 2017	59,375	1,668,486	1,727,861

Statement of Changes in Equity

For the year ended 31 December 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	59,375	609,924	669,299
Comprehensive income for the year			
Profit for the year	-	378,235	378,235
At 31 December 2016	59,375	988,159	1,047,534

The notes on pages 9 to 23 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2017

1. General information

Cambridge Fluid Systems Limited is a private company limited by shares and incorporated in England and Wales. Registered number 02129153. Its registered head office is located at Unit 12, Trafalgar Way, Bar Hill, Cambridge, CB23 8SQ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements are presented in Sterling (£).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Ham-Let (Israel-Canada) Ltd as at 31 December 2017 and these financial statements may be obtained from Ham-Let (Israel-Canada) Ltd, PO Box 824, Natsrat Elit 17000, Israel.

2.3 Going concern

The directors have reviewed the latest forecasts and cashflow projections for the company. In conjunction with this review and the intent of the company's ultimate parent undertaking to continue to provide the company with financial support for a period of not less than 12 months from the date of approval of these financial statements to the extent that the company is unable to meet its obligations itself, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Notes to the Financial Statements

For the year ended 31 December 2017

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

For the sale of goods, revenue is recognised when the significant risks and rewards of ownership transfer to the buyer. Under the terms of the agreements in place with customers, turnover is recognised when the goods are ready for collection. Adjustment is made for those goods ready for collection at the year end, but not yet collected by the customer.

For project work, revenue is recognised in accordance with the stage of completion of the contract when a number of conditions are satisfied. The amount of revenue must be capable of reliable measurement, it must be probable that the consideration due will be received, the stage of completion at the reporting period end must be capable of reliable measurement and the costs incurred and costs to complete the project must also be capable of reliable measurement.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant & Machinery	-	13% straight line
Motor Vehicles	-	25% straight line
Fixtures & Fittings	-	25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Notes to the Financial Statements

For the year ended 31 December 2017

2. Accounting policies (continued)

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on an average costing basis. Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. No element of profit is included in the valuation of work in progress.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and trade and other creditors.

There are no long term debt instruments due in more than one year. Debt instruments that are payable or receivable within one year, typically trade debtors or creditors, are measured, initially and subsequently, at the undiscounted amount of the cash, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the year end date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Creditors

Short term creditors are measured at the transaction price.

Notes to the Financial Statements

For the year ended 31 December 2017

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.13 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

Notes to the Financial Statements

For the year ended 31 December 2017

2. Accounting policies (continued)

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Notes to the Financial Statements

For the year ended 31 December 2017

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made to include:

Trade Debtors - management apply judgement in evaluating the recoverability of debtors. To the extent that the Directors believe debtors not to be recovered they have been provided for in the financial statements.

Stock - management apply judgement in evaluating stock for obsolescence. This judgement is based on management knowledge of the stock and customer demand, as well as stock age. At each balance sheet date, stocks are assessed for impairment and written down where appropriate.

Dilapidation provision - management apply judgement in providing for future dilapidation payments on the leased properties. This is outlined further in note 21.

4. Turnover

Analysis of turnover by country of destination:

	2017	2016
	£	£
United Kingdom	2,922,799	4,275,791
Rest of European Union	9,722,019	2,863,490
Rest of the world	73,237	50,284
	<u>12,718,055</u>	<u>7,189,565</u>

5. Operating profit

The operating profit is stated after charging:

	2017	2016
	£	£
Operating lease rentals	113,650	113,451
Depreciation of tangible fixed assets	28,119	42,646
Exchange differences	14,841	(37,384)
Defined contribution pension cost	<u>69,571</u>	<u>62,128</u>

Notes to the Financial Statements

For the year ended 31 December 2017

6. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Company's auditor:	25,700	25,020
Fees payable to the Company's auditor in respect of:		
The auditing of accounts of the Company pursuant to legislation	13,000	12,500
Fees payable to the Company's auditor for other services	11,050	10,920
Financial statement preparation assistance	1,650	1,600
	<u>25,700</u>	<u>25,020</u>

7. Employees

	2017 £	2016 £
Wages and salaries	1,323,867	1,198,188
Social security costs	124,773	116,000
Cost of defined contribution scheme	69,571	62,128
	<u>1,518,211</u>	<u>1,376,316</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Production staff	20	28
Sales and Administrative staff	12	12
Directors	1	1
	<u>33</u>	<u>41</u>

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	210,526	135,716
Company contributions to defined contribution pension schemes	12,560	6,962
	<u>223,086</u>	<u>142,678</u>

During the year retirement benefits were accruing to 1 director (2016: 1) in respect of defined contribution pension schemes.

Notes to the Financial Statements

For the year ended 31 December 2017

9. Interest receivable

	2017 £	2016 £
Other interest receivable	-	109
	<u> </u>	<u> </u>

10. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	6	-
	<u> </u>	<u> </u>

11. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	167,160	94,558
Total current tax	<u>167,160</u>	<u>94,558</u>
Deferred tax		
Origination and reversal of timing differences	(6,345)	-
Total deferred tax	<u>(6,345)</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>160,815</u>	<u>94,558</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016: the same as) the standard rate of corporation tax in the UK of 19% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	841,142	472,793
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016: 20%)	159,817	94,558
Effects of:		
Expenses not deductible for tax purposes	998	-
Total tax charge for the year	<u>160,815</u>	<u>94,558</u>

Notes to the Financial Statements

For the year ended 31 December 2017

11. Taxation (continued)**Factors that may affect future tax charges**

During the year, the UK corporation tax rate was decreased. Following Budget 2017 announcements, there will be a further reduction in the main rate of corporation tax to 17% from 1 April 2020.

12. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost				
At 1 January 2017	602,958	20,957	213,150	837,065
Additions	-	-	4,038	4,038
Disposals	(29,587)	-	-	(29,587)
At 31 December 2017	<u>573,371</u>	<u>20,957</u>	<u>217,188</u>	<u>811,516</u>
Depreciation				
At 1 January 2017	547,684	19,710	130,241	697,635
Charge for the year on owned assets	14,873	1,247	11,999	28,119
Disposals	(29,587)	-	-	(29,587)
At 31 December 2017	<u>532,970</u>	<u>20,957</u>	<u>142,240</u>	<u>696,167</u>
Net book value				
At 31 December 2017	<u>40,401</u>	<u>-</u>	<u>74,948</u>	<u>115,349</u>
At 31 December 2016	<u>55,274</u>	<u>1,247</u>	<u>82,909</u>	<u>139,430</u>

Notes to the Financial Statements

For the year ended 31 December 2017

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2017	20,833
Foreign exchange movement	1,193
At 31 December 2017	<u>22,026</u>
Net book value	
At 31 December 2017	<u>22,026</u>
At 31 December 2016	<u>20,833</u>

14. Stock

	2017 £	2016 £
Work in progress	918,810	133,791
Bought in parts and components	1,048,751	442,661
	<u>1,967,561</u>	<u>576,452</u>

Stock recognised in cost of sales during the year as an expense was £10,415,090 (2016: £4,481,558).

A provision of £52,099 (2016: £75,656) is recognised against the stock balance as a result of slow moving stock and over stocking. The net reversal of the provision in the year of £2,521 (2016: £99,220) has been recognised in cost of sales due to the sale of goods previously provided for.

Notes to the Financial Statements

For the year ended 31 December 2017

15. Debtors

	2017 £	2016 £
Trade debtors	1,252,959	1,151,392
Amounts owed by group undertakings	123,829	66,084
Other debtors	16,076	16,076
VAT recoverable	383,433	20,085
Prepayments and accrued income	66,134	52,720
	<u>1,842,431</u>	<u>1,306,357</u>

16. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	<u>976,335</u>	<u>349,725</u>

17. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	1,481,163	726,369
Amounts owed to group undertakings	940,517	138,415
Corporation tax	101,182	70,479
Other taxation and social security	37,939	34,680
Other creditors	101,643	-
Accruals and deferred income	401,858	245,836
	<u>3,064,302</u>	<u>1,215,779</u>

Notes to the Financial Statements

For the year ended 31 December 2017

18. Financial instruments

	2017 £	2016 £
Financial assets		
Cash	976,335	349,725
Financial assets measured at amortised cost	1,392,864	1,253,307
	<u>2,369,199</u>	<u>1,603,032</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(2,925,181)</u>	<u>(1,110,620)</u>

Financial assets measured at amortised cost comprise trade, intercompany and other debtors that are receivable within one year. These are initially and subsequently measured at the undiscounted amount of the cash or other consideration expected to be received. Financial assets measured at fair value through profit or loss comprise bank and cash balances within one year.

Financial liabilities measured at amortised cost comprise trade creditors, intercompany creditors, other creditors and accruals. These are payable within one year so have been initially and subsequently measured at the undiscounted amount of the cash or other consideration expected to be paid.

19. Financial risk management

The company has exposures to three main areas of risk - foreign exchange currency exposure, liquidity risk and customer credit exposure.

Currency risk

The company is exposed to translation and foreign exchange risk. This risk is mitigated, where possible, by undertaking transactions with overseas customers and suppliers in sterling. The company has the facility to enter into forward currency agreements, however this facility has not been used during the year.

Liquidity risk

The objective of the company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The company expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the company can borrow from group. At the year end there are no loan balances with group companies, however, the parent undertaking has confirmed that it will provide working capital support to enable the company to continue for a period of not less than twelve months from the date of approval of these financial statements.

Customer credit exposure

The company may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships and a regular review of outstanding trade debtors. In addition, credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Notes to the Financial Statements

For the year ended 31 December 2017

20. Deferred taxation

	Deferred tax £
At 1 January 2016	(16,084)
Charged to the profit or loss	6,345
At 31 December 2016	(9,739)

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(9,739)	(16,084)

21. Provision for dilapidation

	Dilapidation provision £
At 1 January 2017	113,400
Utilised in year	8,400
At 31 December 2017	121,800

The dilapidation provision represents the cost of returning the leased properties to their original state on termination of the leases. The provision is measured at the cost stated in an external professional valuation report obtained in 2014. The leases to which this provision relates terminate in 2023.

22. Contingent liabilities

The company has a contingent liability of £20,000 to its bankers under a counter indemnity in respect of value added tax (2016: £20,000).

23. Reserves

Profit & loss account

Includes all current and prior period retained profits and losses.

Notes to the Financial Statements

For the year ended 31 December 2017

24. Share capital

	2017 £	2016 £
Shares classified as equity		
Authorised		
20,000,000 Ordinary shares of £0.05 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
1,187,500 Ordinary shares of £0.05 each	<u>59,375</u>	<u>59,375</u>

Each ordinary share comes with one voting right. The shareholder can authorise dividends up to the value of distributable reserves.

25. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The unpaid pension contributions at the balance sheet date are £Nil (2016: £Nil).

26. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Land & Buildings		
Within one year	85,690	85,690
Between one and five years	407,028	428,450
After more than five years	-	64,268
	<u>492,718</u>	<u>578,408</u>
	2017 £	2016 £
Motor Vehicles		
Within one year	13,333	19,531
Between one and five years	-	13,333
	<u>13,333</u>	<u>32,864</u>

Notes to the Financial Statements

For the year ended 31 December 2017

27. Related party transactions

At the year end the company is a wholly owned subsidiary of Ham-Let (Israel-Canada) Ltd and has taken advantage of the exemption afforded by FRS 102 'Section 33 Related Party Disclosures' and has not disclosed transactions or balances with other entities that are wholly owned by Ham-Let (Israel-Canada) Ltd.

The immediate and ultimate parent company and controlling party is Ham-Let (Israel-Canada) Ltd, a company incorporated in Israel.

28. Controlling party

At the year end, the ultimate parent company and controlling party is Ham-Let (Israel-Canada) Ltd, a company incorporate in Israel and listed on the Tel Aviv stock exchange.

The largest and smallest group in which the results are consolidated is that headed by Ham-Let (Israel-Canada) Ltd. Copies of the financial statements may be obtained from Ham-Let (Israel-Canada) Ltd, PO Box 824, Natsrat Elit 17106, Israel.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006.